

**Park Rest-Hardin County Health Center  
Savannah, Tennessee**

**Cost Report and Resident Accounts  
For the Period  
July 1, 1999, Through June 30, 2000**

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TennCare/Medicaid audits are available on-line at [www.comptroller.state.tn.us/sa/reports/index.html](http://www.comptroller.state.tn.us/sa/reports/index.html).  
For more information about the Comptroller of the Treasury, please visit our Web site at  
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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**

State Capitol  
Nashville, Tennessee 37243-0260  
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John G. Morgan  
Comptroller

June 18, 2002

The Honorable Don Sundquist, Governor  
and  
Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243  
and  
Mr. Mark Reynolds, Director  
Bureau of TennCare  
729 Church Street, Fifth Floor  
Nashville, Tennessee 37247

Ladies and Gentlemen:

Pursuant to Section 71-5-130, *Tennessee Code Annotated*, and a cooperative agreement between the Comptroller of the Treasury and the Department of Finance and Administration, the Division of State Audit performs examinations of nursing facilities participating in the Tennessee Medical Assistance Program under Title XIX of the Social Security Act (Medicaid).

Submitted herewith is the report of the examination of the Medicaid cost report of Park Rest-Hardin County Health Center, Savannah, Tennessee, for the period July 1, 1999, through June 30, 2000, and resident accounts for the period July 1, 1999, through June 30, 2000.

Sincerely,

John G. Morgan  
Comptroller of the Treasury

JGM/pn  
01/109

State of Tennessee

# Audit Highlights

Comptroller of the Treasury

Division of State Audit

TennCare Report

**Park Rest-Hardin County Health Center**

Savannah, Tennessee

For the Period July 1, 1999, Through June 30, 2000

## **FINDING RECOMMENDING MONETARY REFUNDS**

### **Need to Properly Manage Unrefunded Credit Balances**

Park Rest-Hardin County Health Center did not properly manage an unrefunded credit balance on the account receivable of a former resident. The facility did not maintain evidence of attempts to refund the balance. The facility should refund \$2,208.06 to the Medicaid Program.

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"Audit Highlights" is a summary of the audit report. To obtain the complete audit report, which contains all findings, recommendations, and management comments, please contact

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**Park Rest-Hardin County Health Center  
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**Park Rest-Hardin County Health Center  
Savannah, Tennessee  
Cost Report and Resident Accounts  
For the Period  
July 1, 1999, Through June 30, 2000**

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**INTRODUCTION**

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**PURPOSE AND AUTHORITY OF THE EXAMINATION**

The terms of contract between the Tennessee Department of Finance and Administration and the Tennessee Comptroller's office authorize the Comptroller to perform examinations of nursing facilities that participate in the Tennessee Medicaid Nursing Facility Program.

Under their agreements with the state and as stated on cost reports submitted to the state, participating nursing facilities have asserted that they are in compliance with the applicable state and federal regulations covering services provided to Medicaid-eligible recipients. The purpose of our examination is to render an opinion on the nursing facilities' assertions that they are in compliance with such requirements.

**BACKGROUND**

To receive services under the Medicaid Nursing Facility Program, a recipient must meet Medicaid eligibility requirements under one of the coverage groups included in the *State Plan for Medical Assistance*. The need for nursing care is not in itself sufficient to establish eligibility. Additionally, a physician must certify that recipients need nursing facility care before they can be admitted to a facility. Once a recipient is admitted, a physician must certify periodically that continued nursing care is required. The number of days of coverage available to recipients in a nursing facility is not limited.

The Medicaid Nursing Facility Program provides for nursing services on two levels of care. Level I Nursing Facility (NF-1) services are provided to recipients who do not require an intensive degree of care. Level II Nursing Facility (NF-2) services, which must be under the direct supervision of licensed nursing personnel and under the general direction of a physician, represent a higher degree of care.

Park Rest-Hardin County Health Center, 410 Shelby Drive, Savannah, Tennessee, provides only NF-1 services. The facility is owned by the County of Hardin and governed by the Hardin County Commission. The facility is managed by J. Park & Sons, Inc., under an agreement with Hardin County.

During the examination period, the facility maintained a total of 62 licensed nursing facility beds. The Division of Quality Assurance of the Department of Health licensed the facility for these beds. Eligible recipients receive services through an agreement with the Department of Health. Of the 22,692 available bed days, 20,082 were for Medicaid NF-1 residents during the period January 1 through December 31, 2000. Also, the facility reported total operating expenses of \$2,007,842 for the period.

The Division of Quality Assurance inspected the quality of the facility's physical plant, professional staff, and resident services. The nursing facility met the required standards.

The following Medicaid reimbursable rates were in effect for the period covered by this examination:

<u>Period</u>	<u>Level I NF (744-0488)</u>
July 1, 1999, through June 30, 2000	\$ 92.86

#### **PRIOR EXAMINATION FINDINGS**

The prior examination report for Park Rest-Hardin County Health Center covered the period July 1, 1989, through June 30, 1990. The report contained the following findings:

1. Nonallowable expenses included on the cost report
2. Deficiencies in the resident trust fund

Both findings have been satisfactorily corrected.

#### **SCOPE OF THE EXAMINATION**

Our examination covers certain financial-related requirements of the Medicaid Nursing Facility Program. The requirements covered are referred to under management's assertions specified later in the Independent Accountant's report. Our examination does not cover quality of care, clinical, or medical provisions.



**STATE OF TENNESSEE  
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**Independent Accountant's Report**

**May 18, 2001**

The Honorable Don Sundquist, Governor  
and  
Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243  
and  
Mr. Mark Reynolds, Director  
Bureau of TennCare  
729 Church Street, Fifth Floor  
Nashville, Tennessee 37247

Ladies and Gentlemen:

We have examined management's assertions, included in its representation letter dated May 18, 2001, that Park Rest-Hardin County Health Center complied with the following requirements during the cost report period July 1, 1999, through June 30, 2000, and to the facility's resident accounts for the period.

- Income and expenses reported on the Medicaid Cost Report are reasonable, allowable, and in accordance with state and federal rules, regulations, and reimbursement principles.
- Resident days reported on the Medicaid Cost Report have been counted in accordance with state regulations. Medicaid resident days billed to the state for periods when residents were hospitalized or on therapeutic leave are in accordance with the 15-day hospital stay rule, the 85 percent occupancy rule, and the 60-day therapeutic leave day rule.
- Charges to residents and charges to residents' personal funds are in accordance with state and federal regulations.



May 18, 2001  
Page Two

As discussed in management's representation letter, management is responsible for ensuring compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the facility's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants, and accordingly, included examining on a test basis, evidence about Park Rest-Hardin County Health Center's compliance with those requirements and performing such other procedures as we considered necessary under the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Park Rest-Hardin County Health Center's compliance with specified requirements.

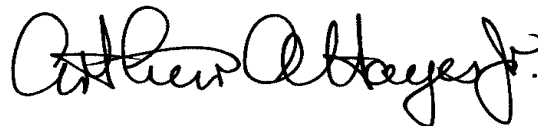
Our examination disclosed the following material noncompliance applicable to state and federal regulations.

- Need to properly manage unrefunded credit balances

In our opinion, except for the material noncompliance described above, management's assertions that Park Rest-Hardin County Health Center complied with the aforementioned requirements for the cost reporting period July 1, 1999, through June 30, 2000, and for resident accounts for the period July 1, 1999, through June 30, 2000, are fairly stated in all material respects.

This report is intended solely for the use of the Tennessee General Assembly and the Tennessee Department of Finance and Administration. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

A handwritten signature in black ink, reading "Arthur A. Hayes, Jr." with a stylized, cursive script.

Arthur A. Hayes, Jr., CPA, Director

AAH/pn

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## FINDING AND RECOMMENDATION

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### **Need to Properly Manage Unrefunded Credit Balances**

#### **Finding**

Park Rest-Hardin County Health Center has not established a system to ensure that credit balances on the accounts of deceased or discharged residents are properly managed. Management failed to refund the portion of the credit balances due the Medicaid Program.

Section 66-29-113 of *Tennessee Code Annotated* requires anyone holding funds or property presumed abandoned to file a report of that property with the State Treasurer. Chapter 1700-2-1-.19 of the *Rules of Tennessee Department of Treasury* states, “Before filing the annual report of property presumed abandoned, the holder shall exercise due diligence to ascertain the whereabouts of the owner to prevent abandonment from being presumed.”

An accounts receivable unrefunded credit balance of \$2,208.06 remains on the account of a former resident of Park Rest-Hardin County Health Center. This entire amount is due the Medicaid Program for an overpayment to the facility made on behalf of the resident.

#### **Recommendation**

Park Rest-Hardin County Health Center should maintain a system to refund credit balances on the accounts of former residents. The facility should maintain a record of the balances with the resident’s name and social security number, the dates of last account activity and last owner contact, and the amount due the former resident. The facility should also maintain evidence of attempts to contact the owner of the credit balance.

A refund of \$2,208.06 should be made to the State of Tennessee for the amount due the Medicaid Program.

#### **Management’s Comment**

Management concurs. Park Rest-Hardin County Health Center will maintain a system to refund credit balances on the accounts of former residents. Any credit balances will be refunded within 30 days of the last activity on the account. A record will be maintained on any credit balance to show the date of deposition. The facility will also maintain a record to show all attempts to refund credit balances to proper owners.

## **SUMMARY OF MONETARY FINDINGS AND RECOMMENDATIONS**

### **Source of Overpayments**

Unrefunded credit balance (see finding 2)	<u>\$ 2,208.06</u>
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### **Disposition of Overpayments**

Due to the State of Tennessee	<u>\$ 2,208.06</u>
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